



Ninety-Seventh Legislature - First Session - 2001
Committee Statement
LB 101

Hearing Date: 1/16/2001
Committee On: Urban Affairs

Introducers: (Hartnett, Preister)

Title: Change and eliminate provisions for the board of directors of metropolitan utilities districts

Roll Call Vote – Final Committee Action:

Advanced to General File
X Advanced to General File with Amendments
Indefinitely Postponed

Vote Results:

5	Yes	Senators Connealy, Hartnett, Janssen, Preister, and Quandahl
2	No	Senators Erdman and Redfield
	Present, not voting	
	Absent	

Proponents:

Senator Hartnett
Tom Wurtz

Representing:

Introducer
MUD

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

This legislation deals with metropolitan utilities districts, proposing to raise the existing salary ceiling for board directors and to authorize directors' participation as employees in district group health and dental insurance plans. Metropolitan utilities districts are formed to serve metropolitan class cities and surrounding areas with water and natural gas service.

This bill would amend Section 14-2104 to raise the current "ceiling" on the salaries which may be paid to members of the board of directors of metropolitan utilities districts from the current limit of eight hundred dollar per month to one thousand one hundred and twenty dollars per month (and for the chair of the Board, from nine hundred dollars per month to one thousand two hundred and sixty dollars).



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This change would represent only the sixth increase in the salary limit since 1913 and the first since 1989. Historically, the ceiling has been adjusted periodically to take inflation into account.

The bill would also authorize directors to take advantage of the health and dental insurance offered to district employees, allowing the directors to pay the employee share of the cost (the group rate) like any other employee and authorizing the district to make expenditures for the “employer” share without counting the resulting cost against the salary cap.

Finally, the bill would delete an obsolete provision requiring serving district directors to post a \$5000 bond.

The changes proposed in this bill are consistent and approximately equivalent to those authorized for similarly-sized public electric utilities in LB 901, adopted in the 2000 Legislative Session (introduced in 1999 as LB 823 by Sen. Schrock).

Explanation of amendments, if any:

The committee amendments propose to strike the provisions of the new subdivision (3) of section 14-2104 (from line 27 on page 2 through line 5 of page 3) relating to the authority for members of the board of directors of a metropolitan utilities district to participate in the medical and dental insurance plans offered to regular employees. The committee was concerned about potential constitutional problems because this provision provides that the district might use district funds to finance the “employer” share of the insurance cost and that the dollar amount of insurance premiums paid from the funds of the district for the benefit of a board member “...may be in addition to the amount of compensation authorized...” under the salary cap. The committee believed (1) that this would result in differing levels of compensation between those board members who did and did not take advantage of the insurance option and (2) that annual adjustments in insurance premium costs might result in an increase or decrease in compensation during the term of office of sitting board members, both of which might be considered violations of Article III, Sec. 19 of the State Constitution.

Senator D. Paul Hartnett, Chairperson